

**ENVIRONMENTAL REVIEW FOR CATEGORICAL EXCLUSION DETERMINATION**  
**Rocky Mountain Region, Western Area Power Administration**

**LAP WAPA-179**  
**FES Rate Adjustment**  
***Project Number: 2018-001***

- A. **Brief Description of Proposal:** Through publication of a Notice of Proposed Rates in the Federal Register on July 3, 2017, the Western Area Power Administration (WAPA) entered into a rate adjustment process in order to adjust the Loveland Area Projects (LAP) firm electric service (FES) rates under Rate Schedule L-F10 and modify language in the Sale of Surplus Products Rate Schedule L-M1 (Rate Order No. WAPA-179).

New Rate Schedules L-F11 and L-M2 are scheduled to become effective January 1, 2018, and remain in effect through December 31, 2022, pending final approval by the Deputy Secretary of Energy and the Federal Energy Regulatory Commission.

**Background:**

Loveland Area Projects:

The Post-1989 General Power Marketing and Allocation Criteria, published in the Federal Register on January 31, 1986 (51 FR 4012), integrated the resources of the Pick-Sloan Missouri Basin Program--WD (P-SMBP--WD) and the Fryingpan-Arkansas Project (Fry-Ark). This operational and contractual integration, known as LAP, allowed an increase in marketable resource, simplified contract administration, and established a blended rate for LAP power sales. WAPA markets LAP power in northeastern Colorado, east of the Continental Divide in Wyoming, west of the 101<sup>st</sup> Meridian in Nebraska, and most of Kansas.

The P-SMBP--WD and Fry-Ark retain separate financial status. For this reason, separate Power Repayment Studies (PRS) are prepared annually for each project. These PRSs are used to determine the sufficiency of the firm electric service rate to generate adequate revenue to repay project investment and costs during each project's prescribed repayment period. The revenue requirement of the Fry-Ark PRS is combined with the P-SMBP--WD revenue requirement, derived from the P-SMBP PRS, to develop one rate for LAP firm electric sales.

**Firm Electric Service Discussion:**

The P-SMBP and the Fry-Ark PRSs set the LAP annual revenue requirement for 2018 for firm electric service at \$64.1 million, which is 14% or \$10.4 million lower than the revenue requirement generated from the 2015 PRSs.

Effective January 1, 2018, WAPA is adjusting the overall composite rate, which is reflected in adjustments to the formula-based charge components. The Drought Adder component will go down to zero and the Base component will be adjusted upward to reflect present costs attributed to both charge components. A comparison of the existing and proposed requirements, rates, and charge components is displayed in the following tables:

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**Table 1 Comparison of Existing and Proposed Requirements and Rates:**

<b>Firm Electric Service</b>	<b>Existing (January 1, 2017) L-F10</b>	<b>Proposed (January 1, 2018) L-F11</b>	<b>Percent Change</b>
<b>LAP Revenue Requirement (million)</b>	\$74.5	\$64.1	-14%
<b>LAP Composite Rate (mills/kWh)</b>	36.56	31.44	-14%
<b>Firm Energy Rate (mills/kWh)</b>	18.28	15.72	-14%
<b>Firm Capacity Rate (\$/kWmonth)</b>	\$4.79	\$4.12	-14%

**Table 2 Summary of LAP Charge Components:**

	<b>Existing Charges Under Rate Schedule L-F10 As of January 1, 2017</b>			<b>Proposed Charges Under Rate Schedule L-F11 As of January 1, 2018</b>		
	<b>Base Component</b>	<b>Drought Adder Component</b>	<b>Total Charge</b>	<b>Base Component</b>	<b>Drought Adder Component</b>	<b>Total Charge</b>
Firm Capacity Rate (/kWmonth)	\$3.92	\$0.87	\$4.79	\$4.12	\$0.00	\$4.12
Firm Energy Rate (mills/kWh)	14.95	3.33	18.28	15.72	0.00	15.72

**Sale of Surplus Products Discussion:**

The existing Rate Schedule L-M1 is formula-based, providing for LAP Marketing to sell LAP surplus energy and capacity products; currently reserves, regulation, and frequency response. If LAP surplus products are available, the charge will be determined at the time of the sale based on market rates, plus administrative costs. The customer will be responsible for acquiring transmission service necessary to deliver the product(s), for which a separate charge may be incurred. Rate Schedule L-M1 is being superseded by Rate Schedule L-M2, which will include "energy" as a fourth surplus product offered under this rate schedule.



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**A full description of this project/action can be found in the following document(s):** Notice of Proposed Rate Order No. WAPA-179, found electronically at:  
***<https://www.wapa.gov/regions/RM/rates/Pages/2018-Rate-Adjustment---Firm-Power.aspx>***

**B. Number and Title of the Categorical Exclusion Being Applied:** (See text in 10 CFR Part 1021, Subpart D.)

B.4.3 Electric Power Marketing Rate Changes

**C. Regulatory Requirements in 10 CFR Part 1021.410 (b):** (See full text in regulation and attached checklist.)

1) The proposed action fits within a class of actions listed in Appendix A or B to Subpart D.

For classes of actions listed in Appendix B, the following conditions are integral elements. To fit within a class, the proposal must not:

- Threaten a violation of applicable statutory, regulatory, or permit requirements for environment, safety, and health, or similar requirements of DOE or Executive Orders;
- Require siting and construction or major expansion of waste storage, disposal, recovery, or treatment facilities (including incinerators), but the proposal may include categorically excluded waste storage, disposal, recovery, or treatment actions or facilities;
- Disturb hazardous substances, pollutants, contaminants, or CERCLA-excluded petroleum and natural gas products that preexist in the environment such that there would be uncontrolled or unpermitted releases;
- Have the potential to cause significant impacts on environmentally sensitive resources. An environmentally sensitive resource is typically a resource that has been identified as needing protection through Executive Order, statute, or regulation by Federal, State, or local government, or a federally-recognized Indian tribe. An action may be categorically excluded if, although sensitive resources are present, the action would not have the potential to cause significant impacts on those resources (such as construction of a building with its foundation well above a sole-source aquifer or upland surface soil removal on a site that has wetlands). Environmentally sensitive resources include, but are not limited to, those listed in paragraph B. (4) (see Attachment A).

2) There are no extraordinary circumstances related to the proposal that may affect the significance of the environmental effects of the proposal.

3) The proposal is not “connected” to other actions with potentially significant impacts, is not related to other proposed actions with cumulatively significant impacts, and is not precluded by 40 CFR Part 1506.1 or 10 CFR Part 1021.211.

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**D. Special Stipulations Pertaining to the Proposal:**

- 1) If the scope of work of this project changes, WAPA's Environmental Division must be contacted to determine whether additional environmental review is required.

**E. Determination:** Based on my review of information provided to me and in my possession concerning the proposed action, I have determined that the proposed action fits within the specified class of actions, the other regulatory requirements set forth above are met, and the proposed action is categorically excluded from requirements for an EA or an EIS.



Signature

Date: 7 NOV 2017

Brian Little  
NEPA Compliance Officer  
Rocky Mountain Customer Service Region  
Western Area Power Administration

Prepared by: Brian Little



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**ATTACHMENT A**

**Conditions That Are Integral Elements of the Classes  
of Actions in Appendix B That Apply to This Proposal**

Checklist for Categorical Exclusion Determination, revised Nov. 2011

<b>Application of Categorical Exclusions (1021.410)</b>	<b>Disagree</b>	<b>Agree</b>	<b>Unknown</b>
(b)(1) The proposal fits within a class of actions that is listed in appendix B to subpart D.		X	
(b)(2) There are no extraordinary circumstances related to the proposal that may affect the significance of the environmental effects of the proposal, including, but not limited to, scientific controversy about the environmental effects of the proposal; uncertain effects or effects involving unique or unknown risks; and unresolved conflicts concerning alternate uses of available resources.		X	
(b)(3) The proposal has not been segmented to meet the definition of a categorical exclusion. Segmentation can occur when a proposal is broken down into small parts in order to avoid the appearance of significance of the total action. The scope of a proposal must include the consideration of connected and cumulative actions, that is, the proposal is not connected to other actions with potentially significant impacts (40 CFR Part 1508.25(a)(1)), is not related to other actions with individually insignificant but cumulatively significant impacts (40 CFR Part 1508.27(b)(7)), and is not precluded by 40 CFR Part 1506.1 or § 1021.211 of this part concerning limitations on actions during EIS preparation.		X	
<b>B. Conditions that are Integral Elements of the Classes of Actions in Appendix B.</b>	NO	YES	Unknown
(1) Threaten a violation of applicable statutory, regulatory, or permit requirements for environment, safety and health, or similar requirements of DOE or Executive Orders.	X		
(2) Require siting and construction or major expansion of waste storage, disposal, recovery, or treatment facilities (including incinerators), but the proposal may include categorically excluded waste storage, disposal, recovery, or treatment actions or facilities;	X		
(3) Disturb hazardous substances, pollutants, contaminants, or CERCLA-excluded petroleum and natural gas products that preexist in the environment such that there would be uncontrolled or unpermitted releases;	X		
(4) Have the potential to cause significant impacts on environmentally sensitive resources. An environmentally sensitive resource is typically a resource that has been identified	X		

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as needing protection through Executive Order, statute, or regulation by Federal, State, or local government, or a federally-recognized Indian tribe. An action may be categorically excluded if, although sensitive resources are present, the action would not have the potential to cause significant impacts on those resources (such as construction of a building with its foundation well above a sole-source aquifer or upland surface soil removal on a site that has wetlands). Environmentally sensitive resources include, but are not limited to:			
(i) Property (such as sites, buildings, structures, and objects) of historic, archaeological, or architectural significance designated by a Federal, State, or local government, or property determined to be eligible for listing on the National Register of Historic Places;	X		
(ii) Federally-listed threatened or endangered species or their habitat (including critical habitat) or Federally-proposed or candidate species or their habitat (Endangered Species Act); state-listed or state-proposed endangered or threatened species or their habitat; Federally-protected marine mammals and Essential Fish Habitat (Marine Mammal Protection Act; Magnuson-Stevens Fishery Conservation and Management Act); and otherwise Federally-protected species (such as under the Bald and Golden Eagle Protection Act or the Migratory Bird Treaty Act);	X		
(iii) Floodplains and wetlands (as defined in 10 CFR Part 1022.4, —Compliance with Floodplain and Wetland Environmental Review Requirements: “Definitions,” or its successor);	X		
(iv) Areas having a special designation such as Federally-and State-designated wilderness areas, national parks, national monuments, national natural landmarks, wild and scenic rivers, State and Federal wildlife refuges, scenic areas (such as National Scenic and Historic Trails or National Scenic Areas), and marine sanctuaries;	X		
(v) Prime or unique farmland, or other farmland of statewide or local importance, as defined at 7 CFR Part 658.2(a), —Farmland Protection Policy Act: Definitions, or its successor;	X		
(vi) Special sources of water (such as sole-source aquifers, wellhead protection areas, and other water sources that are vital in a region); and	X		
(vii) Tundra, coral reefs, or rain forests; or	X		



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(5) Involve genetically engineered organisms, synthetic biology, governmentally designated noxious weeds, or invasive species, unless the proposed activity would be contained or confined in a manner designed and operated to prevent unauthorized release into the environment and conducted in accordance with applicable requirements, such as those of the Department of Agriculture, the Environmental Protection Agency, and the National Institutes of Health.	X		
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